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FISCAL IMPACT STATEMENT

LS 6677

BILL NUMBER: SB 232

NOTE PREPARED: Jan 23, 2012

BILL AMENDED: Jan 23, 2012

SUBJECT: Unemployment Compensation.

FIRST AUTHOR: Sen. Young R Michael

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Administrative Hearings:* The bill provides that a hearing scheduled before an administrative law judge or the unemployment insurance review board must be held with all interested parties and witnesses participating in person if any interested party objects to the hearing being scheduled as a telephone hearing. It requires the Department of Workforce Development to amend its administrative rules concerning telephone hearings accordingly before December 31, 2012.

Unemployment Benefits: The bill permits an individual to receive unemployment benefits when the individual voluntarily separates from employment to move to another labor market to join a spouse who: (1) is a member of the armed forces of the United States on active duty; and (2) was required by the armed forces to relocate to that labor market.

The bill also makes technical corrections and conforming amendments.

Effective Date: Upon passage; July 1, 2012.

Explanation of State Expenditures: *Administrative Hearings:* The bill requires that a hearing scheduled before an administrative law judge or the Unemployment Insurance Review Board must be held with all interested parties participating in person, if an interested party objects to holding the hearing over the telephone. Currently, if an interested party has a valid reason to object to a telephone hearing, the hearing is held in person. If the provision leads to more in-person hearings, administrative costs for DWD would increase. Administrative costs for this program are paid for through a federal grant.

(Revised) *Unemployment Benefits*: Under current law, individuals may receive unemployment benefits who voluntarily separate from their jobs to move to another labor market to join a spouse. Under this proposal, only spouses of active duty service members who voluntarily separate from their jobs to join their spouses who are transferred by the military would remain eligible to receive unemployment benefits. This proposal would decrease the number of individuals eligible to receive unemployment benefits.

The impact on the state would be as an employer and also on the Unemployment Trust Fund. The effect on the state as an employer would probably be minor. The cost of providing this benefit is currently mutualized to nonreimbursable Indiana employers, and would represent slightly lower unemployment insurance costs for Indiana employers.

In 2010, approximately 500 individuals received unemployment benefits who quit their jobs to join a spouse in another labor market. It is unknown how many of those individuals are spouses of active duty service members. The average weekly benefit amount is approximately \$300 per week, and the average length of a claim has varied between 13 weeks before the recession to 20 weeks during the recession.

Explanation of State Revenues:

Explanation of Local Expenditures: The effect on local units would be as an employer and would be minor.

Explanation of Local Revenues:

State Agencies Affected: All; DWD.

Local Agencies Affected: All.

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